



FORWARD NATIONAL COMPANY

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February 19, 2008

Jennifer J. Johnson, Secretary
Board of Governors
Federal Reserve System
20th Street & Constitution Ave. NW
Washington, DC 20551

Re: Regulation Z, Docket No. R-1305

Dear Ms. Johnson:

Forward National Company, Inc. (Forward) is a subsidiary of a national bank providing financing to consumers for the purchase and refinance of manufactured homes in 13 states.

We welcome the opportunity to comment on the Board's proposed amendment to Regulation Z addressing the unfair and deceptive practices that have plagued the sub-prime industry in recent years.

Manufactured housing has been and continues to be the most affordable form of home ownership in the country. Although dwellings are most often thought of as real estate, manufactured homes are personal property situated on leased land, i.e. manufactured home communities and parks. A lien on a manufactured home is perfected by notation on the certificate of title or by filing under the Uniform Commercial Code, depending on state requirements.

Virtually every loan made by us over the past 3 years is secured by a manufactured home on leased land as personal property. The following is our average loan profile over the same period:

Loan Amount -	\$50,048
Credit Score -	729
Loan to Value -	79%
Debt to Income -	31%
Loan Term -	17.8 years

Income is verified and documented, there are no prepayment penalties, and interest is fixed for the term of the loan on every loan made by Forward.

Personal property loans secured by manufactured homes have always carried higher rates of interest than real estate mortgage loans due to smaller loan amounts, shorter terms, and greater servicing requirements.

Because of the higher rates on these personal property loans, implementation of the proposed amendment would classify approximately 91 percent of Forward's manufactured home loans as High Price Mortgage Loans, which we do not believe is the Board's intention. To mitigate the disparity between personal property loans and real estate mortgage loans, we suggest that the Board modify its definition of a High Priced Mortgage Loan to include personal property loans only if the APR on the loan exceeds the yield on Treasury Securities with comparable maturities by at least 8 percentage points.

We believe that implementation of the proposed amendment in its present form will result in less credit available to finance manufactured homes thereby negatively impacting homeownership, and have a chilling effect on the manufactured housing industry as a whole.

Another area of concern is the property tax escrow requirement for High Priced Mortgage Loans. Although manufactured homes are subject to personal property taxes, there is no practical cost effective way to escrow for such tax. This requirement would constitute a hardship for the personal property lender. We suggest that loans secured by personal property be exempt from the property tax escrow requirement.

In summary, we suggest:

- 1) that the Board modify its definition of High Priced Mortgage Loan to include loans secure by personal property only if the APR on the loan exceeds the yield on Treasury Securities with comparable maturities by at least 8 percentage points; and
- 2) that High Priced Mortgage Loans secured by personal property be exempt from the property tax escrow requirement.

We hope the above suggestions are helpful. If you have questions or require further information, kindly contact us at your convenience.

Thank you for the opportunity to comment.

Very truly yours,



John D. Mullen
Executive Vice President